



THE AGRICULTURAL CREDIT FACILITY PROGRESS REPORT JUNE 30, 2025.

“Supporting food security through financing Grain Trade”



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Abbreviations

ACF	Agricultural Credit Facility
BOU	Bank of Uganda
BMAU	Budget Monitoring and Accountability Unit [BMAU]
UDBL	Uganda Development Bank Limited
CIs	Credit Institutions
NPL	Non-Performing Loans
FIA	Financial Institutions Act 2004, Amendments and Regulations
GoU	Government of Uganda
MDIs	Micro Deposit-Taking Institutions
MoA	Memorandum of Agreement
MoFPED	Ministry of Finance Planning and Economic Development
PFI	Participating Financial Institutions
PFMA	Public Finance Management Act
SMEs	Small and Medium Enterprises
MSMEs	Micro Small and Medium Enterprises
UGX	Uganda Shillings
BA	Block Allocation

1 Executive Summary

As the Fund Administrator, the Bank of Uganda (BoU) is mandated to report on the performance of the Agricultural Credit Facility (ACF). This report outlines the utilisation of ACF funds received from the Government of Uganda and highlights performance during the quarter ended 30 June 2025, in comparison with the quarter ended 31 March 2025. In addition, it presents the annual performance of the Fund for the financial year 2024/25 and demonstrates overall progressive performance since inception, including the number of enterprises funded, regional uptake of the scheme, and uptake by gender.

The report provides details on ACF Grain Trade financing, post-harvest handling infrastructure, and management, which contribute to improved earnings and export revenues. Proper post-harvest handling can alleviate socio-economic issues such as food insecurity and lead to increased farmers' profits by adopting better facilities and technologies to preserve the quality of produce and add value to the harvest, which can then be sold at higher prices.

The total loan book under the Scheme grew by **UGX 110.76 billion** during the quarter, disbursed to **1,079 new eligible projects**. The cumulative disbursements increased from **UGX 1.12 trillion** as at 31 March 2025 to **UGX 1.23 trillion**, disbursed to **7,666 beneficiaries** across the country. These funds have supported the acquisition of agricultural machinery and equipment for mechanisation, post-harvest handling, climate-smart agriculture through irrigation, access to inputs and improved breeds for increased yield, as well as agro-processing to expand product ranges and grain trade that enhance market access.

Supporting MSMEs to access affordable financing and transition from subsistence to commercial agriculture has been a core objective of the ACF. Additionally, MSMEs account for **93 per cent** of the total number of beneficiaries under the ACF, including micro-borrowers under the Block Allocation arrangement. Beneficiaries under Block Allocation represent 69 percent of the total number of beneficiaries under the scheme.

The quality of the loan portfolio remains strong, with non-performing loans at UGX 3.38 billion, down from UGX 5.08 billion reported for the financial year ended 30 June 2024, representing a non-performing asset (NPA) ratio of 0.5 percent of the total Government contribution disbursed as at 30 June 2025.

2 Government Remittances to the ACF Escrow Account

As at 30 June 2025, the GoU had made cumulative remittances of **UGX 348.36 billion** to the ACF escrow account at BoU. These remittances comprised of UGX 332.88 billion reimbursements to PFI and UGX 5.55 billion allocated for ACF marketing activities and audit fee payments. The Escrow account had a balance of UGX 9.93 billion pending approval from Accountant General to be transferred to the ACF capital account. Operating as a revolving credit scheme, the ACF loan reflows from PFIs are absorbed back into the Scheme to support additional eligible borrowers.

The combined resources of **UGX 332.88 billion** in capitalization and **UGX 395.05 billion** in PFI reflows have facilitated cumulative disbursements to PFIs, totalling **UGX 622.62 billion** as GoU contribution. Pending commitments amounted to **UGX 31.96 billion** and these represent approved refinance requests awaiting the fulfilment of pre-disbursement conditions by the PFIs. Pipeline applications under review at BoU amounted to **UGX 206.27 billion** with GoU contribution equivalent of **UGX 105.61 billion**. As at 30 June 2025, the Scheme had a cash balance of **UGX 73.35 billion** and this is not sufficient to cover the pipeline applications under review at BoU. The details of Government cumulative funding to BoU in Table 1.

Table 1: Government remittances to the escrow account (UGX).

FINANCIAL YEAR	AMOUNT REMITTED TO BOU ESCROW A/C	Transfer to ACF Capital A/C	Transfer to Operations A/C (for ACF Publicity)	BALANCE ON ESCROW A/C
2009/2010	20,599,434,400	20,599,434,400	-	-
2010/2011	19,964,478,648	7,905,978,648	-	12,058,500,000
2011/2012	7,500,000,000	19,558,500,000	-	-
2012/2013	15,000,000,000	15,000,000,000	-	-
2013/2014	30,000,000,000	-	-	30,000,000,000
2014/2015	26,000,000,000	30,000,000,000	-	26,000,000,000
2015/2016	50,586,800	-	50,586,800	26,000,000,000
2016/2017	22,000,000,000	-	0	48,000,000,000
2017/2018	600,000,000	26,050,000,000	600,000,000	21,950,000,000
2018/2019	400,000,000	0		22,350,000,000
2019/2020	600,000,000	21,950,000,000	550,000,000	450,000,000
2020/2021	47,863,451,700	47,713,451,700	600,000,000	-
2021/2022	38,100,000,000	38,100,000,000	-	-
2022/2023	49,750,000,000	42,500,000,000	1,250,000,000	6,000,000,000
2023/2024	35,000,000,000	31,000,000,000	-	-
2024/2025	34,931,188,221	32,500,000,000	2,500,000,000	9,931,188,221
TOTAL	348,359,139,769	332,877,364,748	5,550,586,800	9,931,188,221

Source: Bank of Uganda ACF data.

3 Performance of the Scheme during the quarter ended June 30, 2025

During the quarter ended 30 June 2025, BoU received **2,177** new loan applications from PFIs, with a total value of **UGX 40.69 billion** of which **UGX 21.60 billion** is the contribution of GoU. MSMEs accounted for 94 per cent of the applications received, with most requesting for loans not exceeding UGX 100 million. Block Allocation applications represented 88 per cent of total applications received with micro loans totalling UGX 3.8 billion. During the quarter, 1,684 applications worth **UGX 85.05 billion** were processed and approved, of which the GoU contribution was **UGX 43.37 billion**. Refinance claims from PFIs amounting to **UGX 110.76 billion** were disbursed in respect of 1,079 beneficiaries. The GoU contribution equivalent amounted to **UGX 55.78 billion**. MSMEs under Block Allocation accounted for **77.3 percent** of the total number of loans disbursed during the quarter with micro-loans totalling **UGX 2.89 billion** and the GoU contribution equivalent of **UGX 1.68 billion**.

Under the Block Allocation arrangement, borrowers receive loans not exceeding UGX 20 million to secure inputs for primary production such as fertilisers, pesticides and seedlings which in turn leads to higher yields and improved income for these small-holder farmers. This aligns with BoU's mission of promoting socio-economic transformation through enhanced financial access and inclusion under the ACF.

Grain Trade financing received the largest funding accounting for **UGX 77.85 billion** extended to projects engaged in trading of grain that includes; maize, millet, rice among others. Acquisition of biological assets received the second largest allocation amounting to **UGX 14.32 billion**. However, On-farm activities had the highest number of beneficiaries accounting for **81.9 percent** of the total number of beneficiaries that received funding during the quarter. On-farm activities largely involve MSMEs requiring inputs for primary production, farm expansion and improvements. Beneficiaries that received financing to acquire agricultural machinery for mechanisation of agriculture such as tractors, received **UGX 2.67 billion** while those that secured financing for acquisition of agro-processing machinery for value addition, received **UGX 2.18 billion**.

Recoveries of **UGX 15.98 billion** were received from PFIs during the quarter and these related to loan repayments due by 30 June 2025. The outstanding GoU contribution with the PFIs stood at **UGX 227.36 billion**, representing 36.5 per cent of refinanced loans as at 30 June 2025. This indicates a 63.4 per cent ACF loan recovery rate.

Figure 1: ACF Summary performance for the quarter ended June 30, 2025



Source: Bank of Uganda ACF data.

4 Performance during the financial year ended June 30, 2025

During the financial year ended 30 June 2025, ACF recorded a marked improvement in performance across key indicators. BoU received 7,620 loan applications from PFIs, representing a 99 percent increase compared to the previous year. The value of loan applications also increased by **UGX 263.32 billion**, reflecting a growing demand for affordable agricultural financing under the ACF. Disbursements during the year rose by **UGX 253.12 billion (26%)**, with the GoU Contribution accounting for **UGX 126.99 billion**. This funding supported **3,224 projects**, translating into a **73 percent increase** in the number of beneficiaries under the ACF during the year. The growth in disbursements and outreach underscores the facility's expanding role in supporting agricultural transformation and rural enterprise development.

A significant portion of the growth in number of beneficiaries was driven by the Block Allocation arrangement, which targets micro-borrowers with limited or no collateral. Under this model, **UGX 10.52 billion** was disbursed to 2,500 micro-borrowers, representing a 57 percent increase in loan value and a 90 percent increase in the number of beneficiaries compared to the previous year. This reflects the model's effectiveness in promoting financial inclusion among underserved population.

The improved performance is largely attributed to enhanced sensitization efforts by BoU and the collaboration with PFIs, which created more awareness of the Scheme. In addition, the automation of the ACF loan processing procedures have resulted in reduced turnaround time for loan approvals which in turn led to increased confidence in the facility by the PFIs. These efforts have contributed to a broader and more inclusive reach, particularly among small-holder farmers and micro-entrepreneurs.

Furthermore, some recoveries on the non-performing loans have been made to a tune of UGX 1.74 billion during the financial year. This reduced the NPL ratio to 0.5 percent of the total loans disbursed as at 30 June 2025.

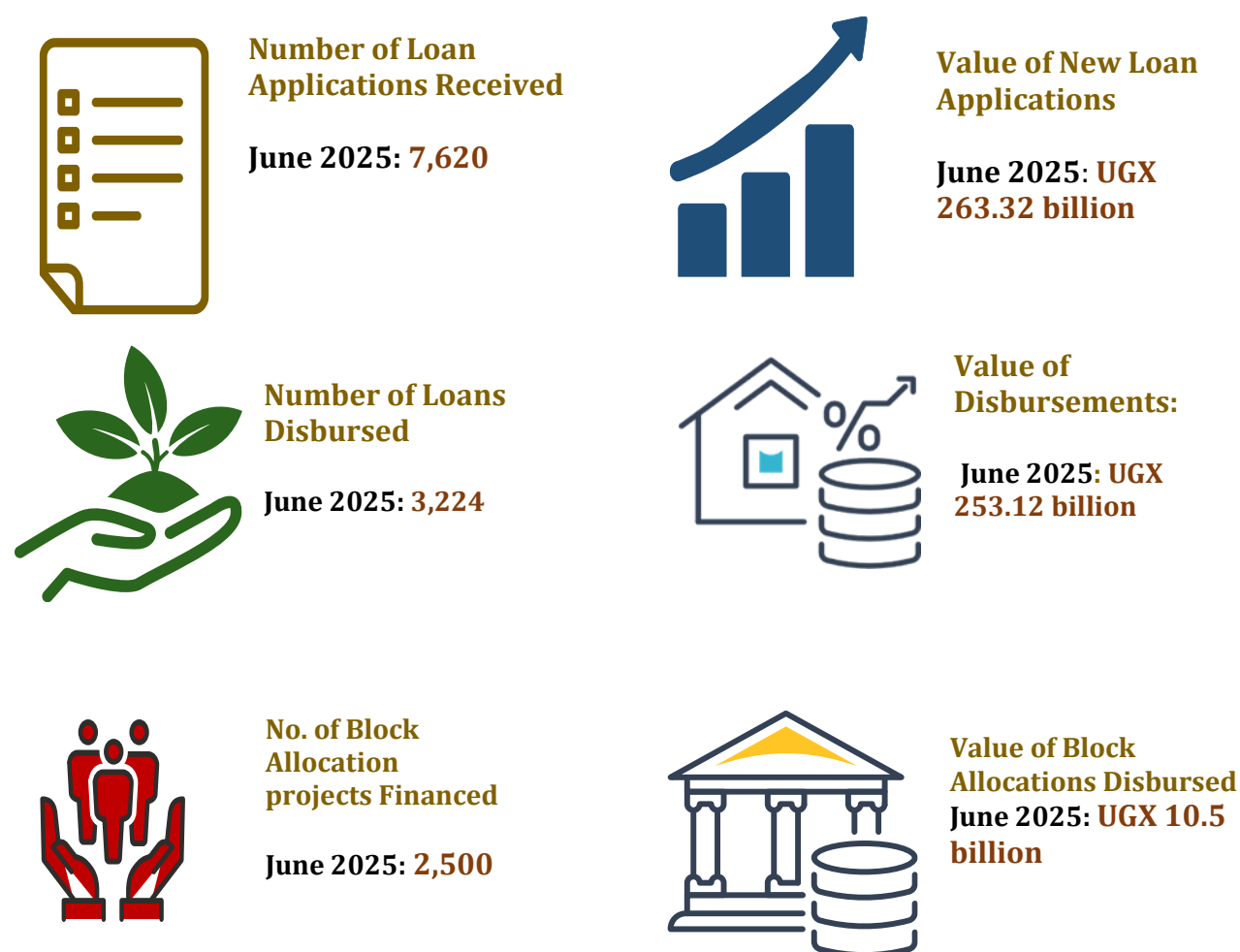
Table 2 below highlights the ACF cumulative performance in the financial year ended June 30, 2025, in comparison to the financial year ended 30 June 2024, while Figure 2 below shows a summary performance during the year ended 30 June 2025.

Table 2: ACF performance during the year ended June 30, 2025, compared to the previous year.

Portfolio Classification (Cumulative)	30-Jun-24	30-Jun-25	Movement btn FY 2024 and 2025	% change
Number of Loan Applications Received	7,726	15,346	7,620	99%
Value of Loan applications (UGX)	1,584,514,559,549	1,847,839,294,041	263,324,734,492	17%
Number of Loans Disbursed	4,442	7,666	3,224	73%
Total Value of Loan Disbursements (UGX)	981,001,991,777	1,234,119,004,898	253,117,013,121	26%
GoU Contribution - Loan Disbursements	495,617,695,472	622,616,352,003	126,998,656,531	26%
No. of Block Allocation projects Financed	2,767	5,267	2,500	90%
Value of Block Allocations Disbursed (UGX)	18,599,963,587	29,120,647,587	10,520,684,000	57%
Repayment-GoU contribution	335,116,885,855	395,051,581,564	59,934,695,709	18%
Number of Delinquent Loans	25	23	-2	-8%
Value of Delinquent loans (UGX)	5,119,462,605	3,375,293,453	-1,744,169,152	-34%

Source: Bank of Uganda ACF Data

Figure 2: ACF Summary performance for the financial year ended June 30, 2025



Source: Bank of Uganda ACF data.

5 Areas funded during the Financial Year.

During the Financial Year ended 30 June 2025, the Grain Trade Value chain received the highest share of funding under the ACF, amounting to **UGX 131.08 billion** representing 51.8 percent of the total UGX 253.12 billion disbursed during the year. Despite receiving the largest portion of funds, the grain trade registered relatively few direct beneficiaries (i.e., 141 beneficiaries) compared to beneficiaries under on-farm activities, as the sector is predominantly composed of aggregators who purchase produce in bulk from small-holder farmers. This structure limits the number of individual borrowers directly accessing credit within the grain value chain.

Following the grain trade, on-farm activities accounted for the second-largest share of disbursements, receiving **UGX 91.92 billion**. These funds supported a range of primary production activities, including the acquisition of agro-inputs (e.g., fertilizers, pesticides, and improved seedlings), farm restocking, and the procurement of agricultural machinery and equipment. Investment in primary production is critical to enhancing productivity at the farm level, addressing persistent challenges faced by small-holder farmers such as low yields, limited access to quality inputs, and inadequate mechanization.

In contrast, agro-processing and post-harvest management received the least amount of funding, collectively accounting for only 11.9 percent of total disbursements. This indicates a potential gap in financing for value addition and infrastructure for post-harvest handling, which are essential for reducing post-harvest losses and improving market competitiveness. Table 3 below shows uptake of the Scheme per funded activity in both loan applications and disbursements as at June 30, 2025.

Table 3: Areas financed during the year 2024/25.

Funded activity	No. of projects	% of no. of loans disbursed	Total loan amount (UGX)	GoU Contribution (UGX)	% of loan amount utilized
On-farm Activities	3,052	94.7%	91,919,942,503	46,400,121,252	36.3%
Grain Trade	141	4.4%	131,081,613,846	65,540,806,923	51.8%
Agro-processing	28	0.9%	29,583,456,773	14,791,728,386	11.7%
Post-harvest Management	3	0.1%	532,000,000	266,000,000	0.2%
Total	3,224	100%	253,117,013,122	126,998,656,561	100%

Source: Bank of Uganda ACF Data

6 ACF Cumulative Performance since inception

As at 30 June 2025, BoU had received a cumulative total of **15,346 loan applications** from 24 PFIs, representing a total loan value of **UGX 1.85 trillion**. Of these applications, **7,666** progressed to disbursement, with a total value of **UGX 1.234 trillion**, including a GoU contribution of **UGX 622.62 billion**. The number of applications disbursed represent 49.95 percent of total number of applications received. Conversely, the value of disbursements made shows a success rate of 66.79 per cent of the total value of applications received. The remaining **UGX 613.72 billion** in undisbursed loan applications comprises commitments awaiting additional information and pipeline applications still under review.

The distribution of applications received and beneficiaries among leading PFIs showed significant variation in market penetration. Opportunity Bank Uganda Limited has the highest number of applications received and beneficiaries primarily because of its concentration in serving small holder farmers most of whom are under the Block Allocation arrangement. On the other hand, due to the small loan amounts (typically below UGX 20 million) required by these MSMEs, the total disbursement of **UGX 27.38 billion** by Opportunity Bank Uganda Limited, is not directly proportional to the high number of beneficiaries.

For PostBank, Equity Bank, DFCU and Centenary Bank, the number of beneficiaries is directly proportional to the total disbursements by each bank due to the balanced distribution in their lending to both small-holder farmers and the large scale off takers and agro processors.

The high values in total disbursements for Stanbic Bank, Absa Bank and Bank of Baroda, of **UGX 330.499 billion**, **UGX 115.22 billion** and **UGX 84.77 billion** respectively are explained by their focus on medium and large-scale borrowers (mostly large-scale grain traders and agro processors) who require large funding.

It is important to note that PostBank Uganda Limited (PBUL) has demonstrated stable and notable growth in both loan value and number of beneficiaries in comparison to other Participating Financial Institutions. The institution has expanded its portfolio beyond direct MSME lending to include Grain Trade financing and agro processing in key value chains especially the coffee value. Table 4 shows uptake per PFI in both loan applications and disbursements as at 30 June 2025.

Table 4: Loan Applications and Disbursements per PFIs as at 30 June 2025

PFI	No. of Project App'ns Received	Value of Loan Applications at BoU (UGX)	No. of Projects Disbursed	Total Disbursement (UGX)	PFI Contribution (UGX)	GoU Contribution (UGX)
Opportunity Bank	9,093	50,093,721,531	2,887	27,378,105,600	12,501,646,800	14,876,458,800
Postbank (U) Ltd	1,879	224,312,243,234	1,441	151,676,043,234	70,417,239,617	81,258,803,617
Equity Bank (U) Ltd	1,389	152,732,870,347	1,304	79,052,690,100	39,526,345,050	39,526,345,050
Centenary Bank	1,300	113,324,238,497	706	71,465,289,880	35,828,149,614	35,637,140,266
DFCU Bank	955	239,705,132,304	807	199,020,744,355	99,799,443,282	99,221,301,073
Stanbic Bank(U)Ltd	190	494,134,834,071	145	330,499,436,406	165,697,932,842	164,801,503,564
Housing Finance Bank	143	27,370,706,565	121	24,353,450,966	12,176,725,483	12,176,725,483
UDBL	64	106,331,353,177	47	78,541,829,191	39,294,962,596	39,246,866,596
Pride Micro Finance	60	1,642,800,000	43	1,263,500,000	472,050,000	791,450,000
Finance Trust Bank Ltd	54	18,833,773,025	46	16,309,505,716	8,154,752,858	8,154,752,858
Absa Bank (U)Ltd	49	173,123,628,844	39	115,215,314,007	57,607,657,003	57,607,657,004
Bank of Baroda(U)Ltd	37	126,323,016,446	24	84,771,016,443	42,385,508,221	42,385,508,222
Tropical Bank (U)Ltd	35	32,186,000,000	18	19,943,600,000	9,971,800,000	9,971,800,000
Bank of Africa(U)Ltd	23	20,890,939,000	18	15,515,939,000	7,757,969,500	7,757,969,500
KCB Bank(U)Ltd	10	11,860,540,000	7	5,660,540,000	2,913,770,000	2,746,770,000
Diamond Trust Bank	9	16,968,000,000	3	3,300,000,000	1,650,000,000	1,650,000,000
Crane Bank Ltd**	6	19,565,000,000	2	2,080,000,000	1,040,000,000	1,040,000,000
Gold Trust Bank**	3	175,000,000	1	30,000,000	15,000,000	15,000,000
Mercantile Bank Ltd	3	1,170,000,000	-	-	0	0
Standard Chartered Bank	2	5,000,000,000	2	5,000,000,000	2,500,000,000	2,500,000,000
Orient Bank(I&M)	2	5,500,000,000	2	2,600,000,000	1,650,700,000	949,300,000
Top Finance Bank	2	400,000,000	2	400,000,000	120,000,000	280,000,000
IBUL**	2	5,410,000,000	-	-	0	0
YAKO Bank	2	155,200,000	1	42,000,000	21,000,000	21,000,000
Total	15,346	1,847,839,297,041	7,666	1,234,119,004,898	611,502,652,866	622,616,352,033

Source: Bank of Uganda

*Defunct PFIs

**Changed name to Exim Bank (U) Limited.

7 Repayments and dues from PFIs

Loan repayment by the PFIs is done biannually in accordance with the ACF-MoA and BoU issues demand notes to PFIs in June and December each year for the principal loan instalments due. As at 30 June 2025, cumulative repayments made by PFIs amounted to **UGX 395.05 billion**, representing 63 percent of the total disbursed GoU contribution. The outstanding balance with the PFIs stood at **UGX 227.36 billion**. The recovered funds are re-absorbed to finance new loan requests from other eligible borrowers, given that the ACF operates as a revolving scheme. The commendable recovery rate is attributed to BoU's oversight role, which ensures that PFIs conduct proper due diligence on funded projects to maintain compliance with the Memorandum of Agreement (MoA).

The details of the status of the GoU contribution refinanced to each PFI, repayments made to BoU, and the outstanding loan amounts due from PFIs as at 30 June 2025, are presented in Table 5.

Table 5: Outstanding GoU contribution with the PFIs as at 30 June 2025.

PFI	Cumulative Amount Disbursed	Cumulative Repayments	Outstanding Balances (GoU)
	(UGX)	(UGX)	(UGX)
Stanbic Bank	164,801,503,564	94,125,563,311	70,675,940,253
DFCU Bank	99,221,301,073	76,284,578,939	22,736,722,134
Post Bank Uganda Limited	81,258,803,617	39,126,270,370	42,132,533,247
Absa Bank	57,607,657,004	28,658,256,196	28,949,400,808
Bank of Baroda	42,385,508,222	28,437,004,776	13,948,503,446
Equity Bank	39,526,345,050	27,911,438,860	11,614,906,190
Uganda Development Bank	39,246,866,597	32,644,057,696	6,602,808,901
Centenary Bank	35,637,140,266	22,319,542,861	13,317,597,405
Opportunity Bank	14,876,458,800	9,128,384,809	5,748,073,991
Housing Finance	12,176,725,483	9,821,956,128	2,354,769,355
Tropical Bank	9,971,800,000	8,520,299,245	1,451,500,755
Finance Trust Bank	8,154,752,858	3,262,395,798	4,892,357,060
Bank of Africa	7,757,969,500	6,394,681,146	1,363,288,354
KCB Bank	2,746,770,000	1,449,501,429	1,297,268,571
Standard Chartered Bank	2,500,000,000	2,500,000,000	0
Diamond Trust Bank	1,650,000,000	1,650,000,000	0
Crane Bank**	1,040,000,000	1,040,000,000	0
Orient /I&M Bank	949,300,000	949,300,000	0
Pride Bank	791,450,000	524,950,000	266,500,000
Top Finance**	280,000,000	280,000,000	0
YaKO Bank	21,000,000	8,400,000	12,600,000
Global Trust Bank	15,000,000	15,000,000	0
Total	622,616,352,034	395,051,581,564	227,364,770,470

Source: Bank of Uganda

8 Uptake of the scheme

8.1 Uptake by enterprises financed.

The ACF continues to support financial inclusion through enabling access to finance by the small-holder farmers and agribusinesses. This is evidenced by the fact that the highest number of beneficiaries under the scheme are the micro enterprises who constitute 68.8 percent of the total number of beneficiaries as at 30 June 2025. The loan amounts under this category range between UGX 10 million and UGX 20 million and these include the unsecured loans for the micro borrowers under the block allocation arrangement in which funding amounting to **UGX 28.96 billion** has so far been extended.

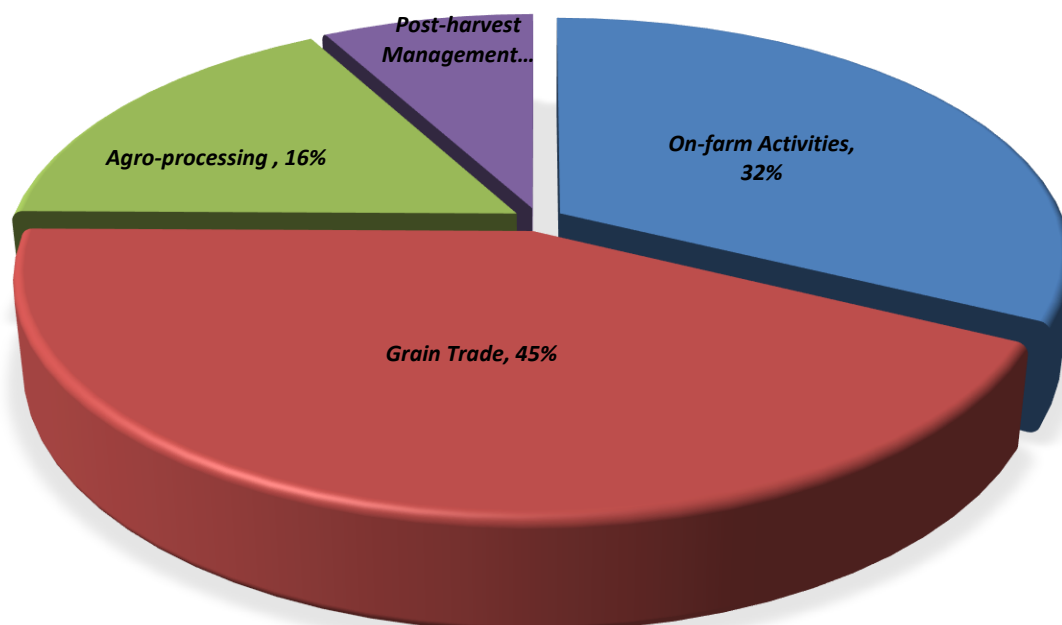
Cumulatively, grain trade and on-farm activities have continued to dominate the uptake of the Fund, with **UGX 558.24 billion** and **UGX 392.34 billion** disbursed to these two categories, respectively. These categories also account for the highest number of beneficiaries, with on farm activities comprising the majority at 91 per cent of the total beneficiaries under the ACF. On farm activities largely constitute the micro borrowers under the Block Allocation who are mainly engaged in primary production. Additionally, agro-processing and post-harvest handling activities have utilized **UGX 193.97 billion** and **UGX 89.56 billion**, respectively. The breakdown of the cumulative disbursements by activity as at 30 June 2025, is provided in Table 6 and illustrated in Figure 3 below.

Table 6: ACF portfolio grouped by funded activities

Funded activity	No. of projects	% of no. of loans disbursed	Total loan amount (UGX)	Gou Contribution (UGX)	% of loan amount utilized
On-farm Activities	6,950	91%	392,343,291,962	201,457,378,894	32%
Grain Trade	472	6%	558,236,043,756	279,126,021,878	45%
Agro-processing	142	2%	193,973,176,675	96,974,885,806	16%
Post-harvest Management	102	2%	89,566,492,505	45,058,065,454	7%
Total	7,666	100%	1,234,119,004,898	622,616,352,034	100%

Source: Bank of Uganda

Figure 3: Percentage utilisation of areas funded as at 30 June 2025



Source: Bank of Uganda

8.2 ACF uptake by region

In terms of regional uptake, the Central region continues to lead in the utilization of ACF funds accounting for 45.85 per cent. This is followed by the Eastern and Western regions at 25.87 per cent and 21.47 per cent respectively. Financing in these regions has primarily supported agro-processing projects involved in value addition for poultry products, grain trading and processing, post-harvest handling infrastructure, and the acquisition of dairy and sugar processing machinery. The higher level of agricultural commercialization in the Central region is attributed to factors such as the availability of registered land and a favourable land tenure system, among other advantages, which make the region more attractive for bank financing.

In addition, the improved performance in funds utilization by the Eastern region is due to the presence of many agro-processors within the region in sugar and grain value chains that require larger funding.

On the other hand, the Northern region experienced low uptake (6.8 per cent), due to its communal land tenure system, which limits farmers' ability to secure land titles required by PFIs for lending. To address this challenge, the Block Allocation arrangement under the ACF has provided a viable solution for farmers constrained by a lack of traditional collateral, enabling them to access the much-needed financing.

Regarding the number of beneficiaries, the Central, Western and Northern regions had the highest share of beneficiaries accounting for 43.6 percent, 34.9 percent and 13.0 percent, respectively.

Notably, most beneficiaries in the Northern region benefitted through the Block Allocation arrangement, with districts such as Lira, Gulu and Abim having the most beneficiaries.

Although the Eastern region had fewer beneficiaries compared to the Central and Western regions, Fund uptake by value of loans is relatively high due to the large-scale sugar and grain processors who are concentrated in the region and have high funding needs.

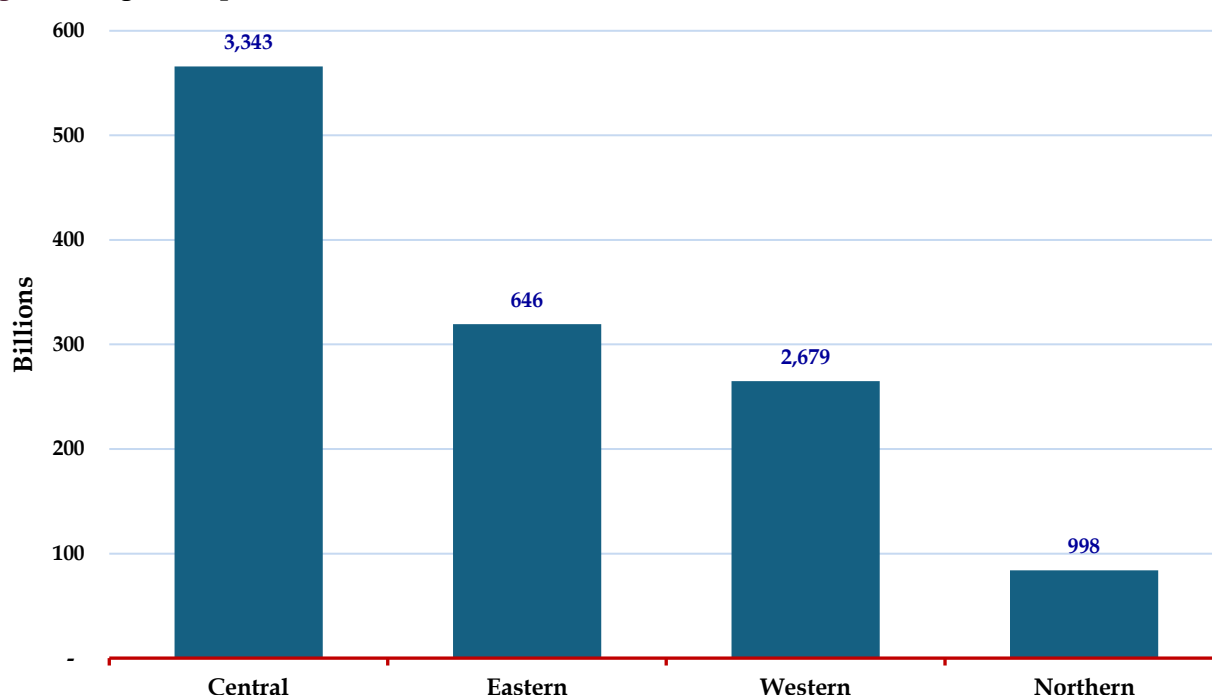
It is important to note however that large scale projects engaged in value addition are expanding in the Northern region especially those engaged in grain processing and seed oil processing. With these projects accessing affordable financing under the ACF for value addition, we are optimistic about increase in uptake of the ACF in this region.

Table 7: Regional distribution of the ACF funds as at 30 June 2025

Region	Total Loan Amount	No. of beneficiaries	PFI Contribution	GOU Contribution	% regional uptake of loans
Central	565,893,133,441	3,343	281,896,758,573	283,996,374,868	45.85%
Eastern	319,261,368,330	646	159,343,256,340	159,918,111,990	25.87%
Western	264,996,477,939	2,679	128,749,325,359	136,247,152,582	21.47%
Northern	83,968,025,187	998	41,513,312,593	42,454,712,594	6.80%
Total	1,234,119,004,897	7,666	611,502,652,865	622,616,352,034	100.00%

Source: Bank of Uganda

Figure 4: Regional uptake of ACF funds as at 30 June 2025



Source: Bank of Uganda-ACF data

8.3 ACF uptake by Gender distribution

In terms of gender utilization of ACF, male beneficiaries continue to dominate uptake, with 5,470 beneficiaries representing 71 per cent of the total number of beneficiaries under the ACF. In comparison, 1,562 female borrowers received funding, accounting for 20 percent of the total beneficiaries, while 634 companies, partnerships and farmer groups constituted 9 percent.

The largest share of the funds amounting to UGX 944.20 billion was disbursed to companies, partnerships and farmer groups. Male beneficiaries utilized the second-largest portion, with an uptake of UGX 261.64 billion.

Although fund utilization by women remains relatively low with only **UGX 28.28 billion** disbursed to female beneficiaries, there has been a progressive increase in the number of women beneficiaries, particularly under the Block Allocation arrangement. This model addresses the unique needs of women farmers many of whom lack registered land titles or other marketable assets to secure loans.

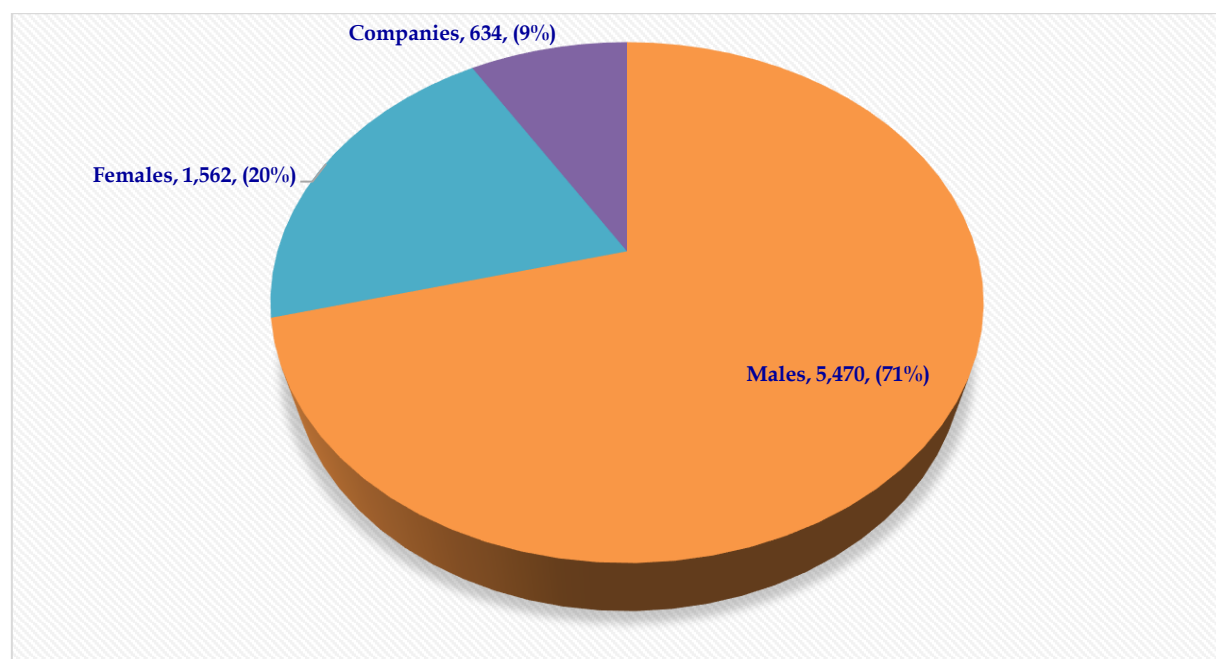
Table 8 and Figure 5 below show the gender utilisation of the ACF funds by both the number of beneficiaries and the value of loans disbursed as at 30 June 2025.

Table 8: Cumulative - Gender utilisation of ACF funds as at 30 June 2025.

Category	No. of beneficiaries	% uptake of number of beneficiaries	Total loan amount	GOU Contribution	% uptake of loan amounts
Male beneficiaries	5,470	71%	261,640,023,108	135,152,845,176	21%
Female beneficiaries	1,562	20%	28,279,172,940	14,643,341,170	2%
Companies/ Groups	634	9%	944,199,808,849	472,820,165,688	77%
Total	7,666	100%	1,234,119,004,897	622,616,352,034	100.00%

Source: Bank of Uganda

Figure 5: Gender uptake of ACF funds by number of loans disbursed as at 30 June 2025



Source: Bank of Uganda

8.4 Performance by Micro, Small, Medium and Large Enterprises (MSMEs)

The ACF has played a major role in enabling access to finance by the small-holder farmers and this is evidenced by the fact that MSMEs constitute the highest number of beneficiaries under the ACF with a combined 93 percent of the total beneficiaries.

Of the 7,666 beneficiaries that have received funding under the ACF, 5,276 are micro-enterprises representing **69 percent**, 1,146 are small enterprises representing **15 percent**, 697 are medium-sized enterprises accounting for **9 percent**. The MSMEs include the unsecured loans for micro-borrowers accessed through the Block Allocation arrangement.

The large-scale enterprises comprised 547 projects accounting for **7 percent** of the number of projects funded. Although the large enterprises received the highest amount of funding at UGX 919.98 billion accounting for 82 percent of the total value of loan uptake, they constitute the least number of beneficiaries accounting for only 7 percent. The financing requirements of MSMEs are usually inputs for primary production, farm improvements and acquisition of farm machinery like tractors which require relatively smaller loan amounts with loans not exceeding UGX 100 million, and this explains why the uptake in terms of the value of loans is low.

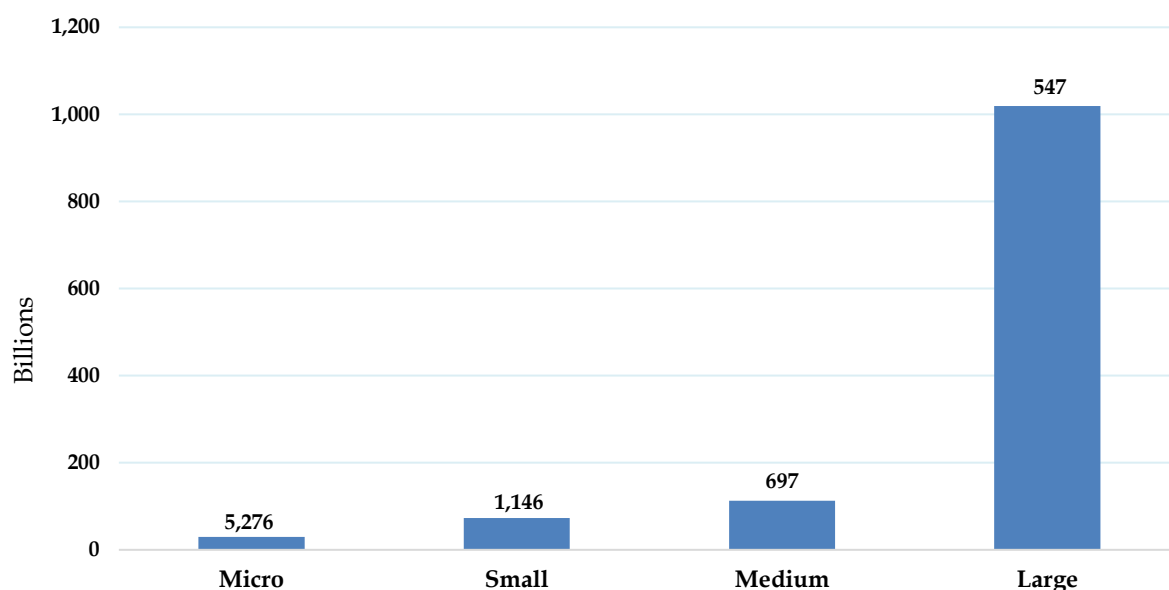
Notably, the growing number of micro-borrowers reflects a positive trend in financial inclusion. This increase is largely attributed to the Block Allocation arrangement, which allows borrowers to access credit with minimal or no collateral requirements. This model is particularly attractive to individuals in the informal sector or those without traditional assets, as it lowers the barriers to entry for accessing financial services. As a result, more people especially women, youth, and small-scale entrepreneurs can participate in economic activities, improve their livelihoods, and contribute to local development. Table 9 and Figure 6 show the classification of loans by size.

Table 9: Categorization of Loans by Size as at 30 June 2025

Grouping	Loan size	Amount (UGX)	% share of loan amount disbursed	Number of projects	% share of number of beneficiaries
Micro	0-20,000,000*	29,285,942,537	2%	5,276	69%
Small	20,000,001-50,000,000	73,204,051,863	6%	1,146	15%
Medium	50,000,001-100,000,000	112,894,192,609	9%	697	9%
Large	100,000,001-above	1,018,734,817,888	83%	547	7%
Total		1,234,119,004,897	100.00%	7,666	100%

Source: Bank of Uganda* Includes borrowers under the Block Allocation

Figure 6: Categorisation of projects financed under ACF



Source: Bank of Uganda

It is evident from the data that although MSMEs accessed only UGX 215.38 billion representing 17 percent of the total UGX 1.23 trillion disbursed under the ACF as at 30 June 2025, they accounted for most beneficiaries constituting a combined 7,119 beneficiaries out of the total 7,666. This underscores ACF's strong commitment to advancing financial inclusion, particularly for the unserved and underserved segments of the population.

It is important to note that the micro enterprises that are largely borrowers under Block Allocation accounted for **69 percent** of the total number of beneficiaries.

9 Financing the grain-trade.

The grain trade component of the ACF, introduced in November 2015, was established to address the challenge of post-harvest losses following bumper harvests across the country. By providing working capital to traders and exporters, the facility enabled the mopping up of surplus grain, thereby stabilizing prices and reducing losses for small-holder farmers who often lack adequate storage or market access.

Since its establishment, the ACF has disbursed a total of **UGX 558.24 billion** to **476** eligible borrowers engaged in grain trade. Of this amount, the GoU contribution of UGX 279.13 billion has been re-imbursed to the PFIs, demonstrating strong private-public sector collaboration in stabilizing the grain market and ensuring food security.

While the grain trade received the largest share of funding under the ACF, the sector is characterized by a concentration of funds among a few large players. Specifically, large aggregators and agro-processors accounted for **UGX 545 billion**, representing 38 percent of the total number of beneficiaries. These borrowers typically operate at a large scale, purchasing grain in bulk from small-holder farmers and supplying both domestic and export markets.

In contrast, MSMEs many of whom are local traders made up the remaining 62 percent share of beneficiaries, with micro-enterprises accounting for 26 percent, small enterprises 22 percent, and medium enterprises 14 percent. This distribution highlights the need for continued efforts to broaden access to financing within the grain value chain, particularly for smaller actors who play a critical role in rural economies but often face barriers to credit. The Table 10 shows the utilisation of funding under the grain facility by enterprise.

Table 10: Funds utilization of the grain trade by enterprise size.

Loan sizes	Projects financed	%age number of projects	Approved Loan Amount	GoU Contribution	%age utilization
Large	183	38%	545,007,729,910	272,503,864,955	97.6%
Medium	104	22%	8,471,200,000	4,235,600,000	1.5%
Micro	124	26%	2,070,800,000	1,043,400,000	0.4%
Small	65	14%	2,686,313,846	1,343,156,923	0.5%
Total	476	100%	558,236,043,756	279,126,021,878	100%

Source: Bank of Uganda ACF Data.

An analysis of the regional distribution of grain trade financing under the ACF reveals notable variations in both the number of beneficiaries and the value of disbursements across the country. In terms of beneficiary count, the Western region recorded the highest share, accounting for 36.7 percent of all recipients. This was followed by the Central region with 31 percent, while the Northern and Eastern regions accounted for 19 percent and 12.8 percent, respectively.

However, when assessed by the value of disbursements, the trend shifts significantly. The Eastern region received the largest share of funding, amounting to UGX 239.33 billion, which represents 42.8 percent of the total funds disbursed under the grain trade. The Central region followed closely with UGX 215.58 billion, accounting for 38.6 percent of total disbursements. In contrast, the Western and Northern regions received UGX 27.09 billion and UGX 24.56 billion, respectively. This distribution reflects the concentration of grain trade actors and aggregation hubs in the Eastern and Central parts of the country. This is highly attributed to the high number of agro-processors and types of economic activity in these regions.

This contrast between the number of beneficiaries and the value of disbursements suggests that while the Western region has a higher number of smaller-scale actors, the Eastern and Central regions host larger-scale aggregators and exporters who absorb a greater share of the financing. These insights are critical for informing regional targeting strategies and ensuring balanced support across the grain value chain. The summary is provided in Table 11, below.

Table 11: Regional distribution of the funds utilized under the grain trade

Region	Projects financed	%age number of projects	Approved Loan Amount	GoU Contribution	%age utilization
Eastern	61	13%	239,333,777,298	119,666,888,649	42.87%
Central	148	31%	215,584,240,426	107,796,120,213	38.62%
Western	175	37%	54,183,526,032	27,095,763,016	9.71%
Northern	92	19%	49,134,500,000	24,567,250,000	8.80%
Total	476	100%	558,236,043,756	279,126,021,878	100%

Source: Bank of Uganda ACF Data

10 Financing Post-Harvest Infrastructure and Value Addition in Grain Trade.

Given the large volumes of grain handled by projects engaged in the grain trade, there is a critical need for adequate post-harvest handling infrastructure to minimize losses caused by poor storage and adverse weather conditions. To address this, the ACF supports the construction and rehabilitation of large-scale storage facilities, including silos and warehouses, which are essential for preserving grain quality and reducing post-harvest losses.

In addition to storage infrastructure, the ACF also promotes value addition through the processing of grain into alternative forms such as flour, maize bran for animal feeds, and other value-added products such as cooking oil, maize starch and other cereals. This not only enhances the shelf life and marketability of grain but also contributes to profit maximization for producers and traders, while reducing the risk of spoilage.

To meet the above objectives, ACF has supported value addition in the grain value chain in the following areas:

- Construction of silos and bulk storage warehouses
- Establishment of grain cleaning, drying, and grading facilities
- Installation of milling and processing equipment
- Packaging and branding operations for processed grain products

These interventions are designed to strengthen the grain value chain, improve market competitiveness, and ensure that farmers and traders alike benefit from higher returns and reduced post-harvest losses.

The table below shows the areas financed for value addition under the grain value chain:

Table 12: Value addition under the grain value chain supported under the ACF

Activity	Projects financed	Approved Loan Amount	GoU Contribution	%age utilization
Value Addition (milling& grading)	41	49,630,570,235	24,494,585,118	69%
Storage Facilities	13	22,120,634,260	11,088,317,130	31%
Grand Total	54	71,751,204,495	35,582,902,248	100%

Source: Bank of Uganda ACF Data.

Table 12 indicate that a total of 54 projects engaged in post-harvest management and value addition of grains have been supported, with **UGX 71.75 billion**, with a GoU Contribution of **UGX 35.58 billion**.

The largest share of funding was directed towards value addition projects, which received **UGX 49.63 billion**, accounting for 69 percent of total utilization. These projects focus on transforming raw grain into higher-value products such as animal feeds and other grain bi-products.

Storage facilities, including silos and warehouses, received the second-highest allocation, with **UGX 22.12 billion** in approved loans, representing 31 percent of total utilization. These investments are critical in reducing post-harvest losses.

This distribution reflects ACF's strategic focus on enhancing both the post-harvest handling infrastructure and processing capacity within the grain sector to improve efficiency, reduce losses, and increase profitability for the grain value chain actors.

11 Publicity of the Scheme and Peer learning engagements

In line with the responsibility of creating awareness of the Scheme, BoU has undertaken an aggressive marketing strategy aimed at increasing publicity of the ACF across the country. Recognising that awareness and information dissemination is a collective effort, BoU has partnered with several stakeholders including Government agencies and Ministries, PFIs, media houses such as the Vision Group and Nation Media Group, in its drive to increase awareness of the Fund. During the quarter, thirty-six publicity engagements were undertaken by BoU to disseminate information to the intended farmers and the public about the ACF. These engagements included workshops, Agriculture shows/ exhibitions, stakeholder engagements, town hall meetings and media engagements among others. Some of the engagements are highlighted below:

PFI Workshop in West Nile: The three-day workshop organised by BoU was attended by over 300 participants that included the PFIs in the region, the government representatives in the region, the farmers and the business community. It focused on creating awareness about the financing opportunities under the ACF for the farmers and agribusinesses but also involved extending financial literacy especially on the need to open bank accounts, savings and keeping business records which are critical in assessing the bankability and viability of an enterprise or individual to access credit.

Addressing the participants, the Mayor of Nebbi town noted that the growing number of refugees in the region threatens food security. He further attributed the food insecurity to poor harvests, over-reliance on external supplies and the lack of access to finance by the farmers. Emphasizing Nebbi's fertile soil, he called for improved utilization to enhance local food production.

The PFIs were urged to offer affordable and flexible loan products to empower farmers. The farmers on the other hand, were encouraged to form farmer cooperatives and keep records which would enable them access financing to establish Agro-processing factories, investment in agricultural infrastructure and engage in climate-smart farming practices.



Group photo with the PFIs and District Leadership of Nebbi.

Stakeholder engagement in Northern region (Gulu): The engagement held in Gulu, was a collaboration of BoU, Uganda Investment of Authority, the PFIs and the Uganda Agriculture Insurance Scheme (UAIS). It attracted over 700 participants, including the District Leaders, the farmers and agribusinesses as well as the business community. Addressing the participants, BoU emphasized the importance of keeping records and having bank accounts as a prerequisite for access to finance.

The Resident District Commissioner also reiterated the issue of food insecurity due to climate change and poor agriculture practices by the farmers as well as low levels of value addition in the region. He pointed out that farmers face several other issues such as the price fluctuations, adulterated inputs and communal land ownership which constrains access to finance. The farmers were urged to embrace the Uganda Agriculture Insurance Scheme where Government has provided a subsidy for farmers to cushion them against these unpredictable weather and other calamities.

The PFIs were also encouraged to support farmers through building their capacity by providing business development services but also enabling them to access affordable financing under the ACF. BoU encouraged farmers to organize themselves in farmer groups or cooperatives to be able to benefit under the Block Allocation model. The model allows small-holder farmers who have no land titles or other fixed or marketable securities, to access finance by using the strength of group guarantees, chattel mortgages, credit history and cashflows.



Participants during the Gulu engagements



The RDC Mr. Tumwebaze speaking to the participants during the engagement in Gulu.

The BoU-PFI Award Ceremony

During the quarter, BoU organized the PFIs award ceremony to acknowledge the PFIs that have consistently demonstrated commitment to achieving the objectives of the Agricultural Credit Facility (ACF) and the Small Business Recovery Fund (SBRF). The ceremony aimed at recognizing the efforts of PFIs in integrating these programs into their operations, thereby facilitating credit extension to key priority areas under the Public-Private Partnership (PPP) arrangement. The Award ceremony also aimed to:

- Enhance the visibility of BoU-administered funds, highlighting their impact on agricultural financing and small business recovery.
- Gain support, increase confidence, and encourage financial institutions to extend credit to the agriculture sector and small businesses.
- Promote PFI lending to Small and Medium Enterprises (SMEs) and micro-borrowers, fostering financial inclusion.
- Inform the public about the performance and achievements of the ACF and SBRF, thereby increasing transparency and accountability.
- Enhance community participation and collaboration between the public and private sectors.

The PFIs were recognized and awarded on the following categories:

- The PFIs showed interest in supporting the Government interventions of ACF and SBRF through submitting the largest number of applications to BoU.
- The PFIs that supported access to finance by the MSMEs hence enabling financial inclusion
- The PFIs that have had more uptake of the Funds through the value of the loans disbursed
- The PFIs that have demonstrated regional outreach especially to the least underserved regions (North and Eastern regions)
- The PFIs that have promoted agro-industrialisation through financing value addition under the ACF
- The PFIs that have had a higher uptake of the Grain facility hence creating market access and better post-harvest handling infrastructure by the farmers
- The PFIs that have demonstrated timely repayment of the loans hence strengthening the revolving nature of the Schemes but also ensuring their sustainability.

Opportunity Bank was awarded for highest number of applications and number of loans disbursed under the ACF, support for MSMEs as well as regional outreach.

Post Bank was recognised as the PFI that has supported agro industrialisation as well as extending the largest number of loans under the Grain facility. Ultimately PostBank has greatly contributed towards value addition and commercialisation of Agriculture under the ACF.

Stanbic Bank was recognised for having the highest uptake of the ACF in terms of value of loans disbursed. Projects financed by Stanbic are mainly engaged in agro-processing and large-scale grain traders and processors which has a ripple effect towards employment opportunities, market for out-growers value addition and potentially increasing the country's export earnings.

UDBL was recognised for ensuring timely repayment of loans due which speaks to efficiency in their recovery processes.



The Governor addressing the audience during the 2025 Award Ceremony



The Governor, Board of Directors of BoU, the Hon. Minister of Finance (Privatisation), the ED-UBA and other guests at the 2025 Award Ceremony



Hon. Minister of Finance (Privatisation), Governor, the BoU Board members and BoU Executive Director Finance cutting cake with the overall winners (PostBank and Opportunity Bank)

12 Milestones of the ACF

The ACF plays a pivotal role in Uganda's socio-economic transformation by leveraging private-sector credit to provide affordable financing to entities involved in the agriculture value chain. Since its inception, the ACF has achieved the following milestones:

- 1) **Increased access to finance for MSMEs:** As at June 30, 2025, MSMEs represented 93 per cent of the total beneficiaries under the ACF, underscoring the scheme's success in extending financial inclusion to underserved sectors.
- 2) **Empowered small-holder farmers through Block Allocation:** The innovative Block Allocation model has enabled small-holder farmers to access financing without the need for traditional collateral.
- 3) **Facilitated low-cost financing:** Farmers and agro processors have accessed cumulative low-cost financing of **UGX 1.23 trillion**, extended to **7,666** beneficiaries nationwide through the risk sharing model with the PFIs.
- 4) **Supported commercialisation agriculture value chain:** Affordable financing has empowered farmers to acquire agricultural machinery and equipment, farm inputs and expand their farms. Loans totalling **UGX 392.34 billion** have facilitated the installation of farm infrastructure, purchase of tractors, irrigation equipment, and other tools, resulting in improved productivity and increased yields.
- 5) **Supported reduction in post-harvest losses:** The ACF has disbursed **UGX 89.57 billion** to 102 large aggregators and off-takers for post-harvest infrastructure, including silos and warehouses, minimizing losses and improving produce storage.
- 6) **Enhanced grain trade:** Grain trading, the highest-funded activity under the ACF, has utilized **UGX 558.24 billion** as at 30 June 2025. This financing supports working capital for grain traders, ensuring farmers have a ready market for their produce and stability of their incomes.
- 7) **Promoted exports and value addition:** The ACF has provided **UGX 193.97 billion** to **142 agro processors** across various value chains, supporting the production of value-added products. This has increased Uganda's export revenue, enhanced competitiveness, and widened product offerings for both local and international markets.

13 Major Challenges

The following challenges have been identified in the implementation of the ACF:

- 1) **Delays in clearing proposed amendments to the ACF MoA:** The proposed amendments to the ACF MoA have not yet been approved for implementation. Key amendments include allowing PFIs to make provisions for up to 50 per cent of the outstanding amount since the GoU contribution is subject to the Public Finance Management Act (PFMA) and expanding eligibility criteria to include tier IV institutions, such as licensed Savings and Credit Cooperative Societies (SACCOs). These changes aim to enhance the scheme's uptake and performance.
- 2) **Limited financial literacy and record-keeping:** Many small-holder farmers face challenges with financial literacy and maintaining accurate records. This not only limits their ability to access finance but also complicates the appraisal process for PFIs.
- 3) **Insufficient collateral from borrowers:** A significant number of farmers lack adequate collateral, such as registered land titles or high-value assets, which PFIs require to secure credit extended under the ACF scheme.
- 4) **Exclusion of Tier IV Institutions:** Many small-holder farmers rely on Tier IV institutions, such as SACCOs to access financial services. However, these institutions are not accredited to participate in the ACF, which exclude these farmers from accessing financial resources provided through the scheme.
- 5) **Inability to finance certain areas of the agricultural value chain:** Currently, ACF provisions do not allow working capital financing for inputs in value addition, such as those involved in coffee and tea processing, except for grain trade. Farmers and PFIs have recommended expanding the scope of financing to include these areas, and this proposal has been incorporated into the pending ACF MoA amendments.

14 Way Forward

To improve access and use of the ACF, the following recommendations have been made:

- i. Review the ACF-MoA to allow PFIs to make provisions of up to 50 per cent (their contribution) since the GoU contribution is subject to the PFMA.
- ii. Review the eligibility criteria of the ACF to improve uptake and allow Tier-IV institutions including licensed SACCOs among the accredited PFIs to access medium and long-term finance available under the ACF.
- iii. Strengthen the complementarity of the Uganda Agriculture Insurance Scheme (UAIS) and the ACF to ensure that farmers whose risks have been cushioned under the UAIS, are able to access affordable credit under the ACF.
- iv. Enhance capacity building and skills development for PFI staff assigned to handle lending to agribusiness enterprises, focusing on value chain risk analysis, agricultural loan appraisal, and loan management.
- v. Expand the eligibility criteria and accommodate working capital requirements for agro-processors in addition to other proposed amendments aimed at enhancing the scheme's performance to meet the financing gaps in the sector.

15 Conclusion

The ACF scheme is key to the transformation of the agricultural sector through strategic interventions that influence lending across the agriculture value chain. It draws its strength from the public-private partnership that shares the risks inherent in lending to entities involved in the agriculture value chain, combined with the oversight role provided by the Bank of Uganda. This partnership has created a cost-effective and efficient model for the much-needed medium- to long-term financing of the agricultural value chain. The scheme reflects a strong commitment from the partners, amounting to UGX 1.23 trillion as at 30 June 2025, with PFIs contributing UGX 611.50 billion and the Government providing UGX 622.62 billion. In addition, the scheme continues to record a remarkable repayment rate, with a non-performing loan ratio of only 0.5 per cent compared to 3.9 per cent in commercial banks, which position it as the leading risk-sharing facility.

Through consultations with key stakeholders, PFIs, and the Ministry of Finance, Planning and Economic Development (MoFPED), the Bank of Uganda has made recommendations to address the above challenges. It is optimistic that, once these issues are resolved, uptake of the ACF will improve further. In addition, the BoU will continue to support smallholder farmers' access to finance by strengthening and scaling the Block Allocation arrangement, which allows micro-borrowers to access credit without the need for registered collateral typically required by financial institutions.

Appendix 1 Salient Features of the ACF Scheme

15.1 The Role of BOU

The key role of BOU under the ACF is that of the scheme administrator.

The responsibilities include:

- i. Review of the loan applications against the terms and conditions of the scheme in accordance with the MoA.
- ii. Disburse funds (refinance) to the PFIs in respect of the eligible projects.
- iii. Ensure timely collection of repayments from PFIs and maintain a sound database on the lending activities.
- iv. Provide reports to stakeholders on the performance of the Scheme.
- v. Undertake marketing of the Scheme to create awareness on the eligibility criteria and how the funds can be accessed.

15.2 Role of the PFIs

The PFIs are charged with:

- i. Sensitising the clients on the scheme since they are the first point of contact.
- ii. Appraising/analysing the projects to ascertain eligibility, viability, feasibility.
- iii. Managing collateral requirements.
- iv. Ensuring the recovery of the loans. The MoA governing the administration of the scheme places full responsibility of loan recovery on the PFIs.
- v. PFIs submit reports (on the performance of the projects) to BOU on quarterly basis.

15.3 Procedure of Accessing the Fund

All ACF loan applications are channelled through the PFIs. The PFIs analyse the loan requests as per their credit policy to ensure that only eligible projects are financed. The PFIs disburse their own funds to eligible projects and subsequently request for re-imburement of the GoU contribution from BOU.

15.4 Terms and Conditions of Sub-Loans

The terms and conditions of the scheme are stated in the Memorandum of Agreement (2018). Loan amounts are determined based on assessment and appraisal of project viability and genuine credit needs of the clients in accordance with the lending policy of the respective PFIs. The loans under the ACF are denominated in Uganda shillings.

15.5 Loan Amount

The maximum loan amount to a single borrower is UGX 2.1 billion. However, this amount can be varied on a case-by-case basis for eligible projects that add significant value to the agricultural sector and the whole economy, as may be determined by the BOU upon justification by the PFI.

15.6 Loan Term

The maximum loan period should not exceed eight (8) years, and the minimum should be six (6) months.

15.7 Grace Period

The grace period is up to a maximum of three (3) years.

15.8 Interest Rate

The interest rate charged by the PFI to the final borrower is capped at **12 per cent** per annum. The PFIs are not required to pay interest to BoU on the GoU contribution reimbursed to them.

15.9 Facility Fees

Facility fees charged by PFIs to eligible borrowers should not exceed **0.5 per cent** of the total loan amount. Legal documentation and registration costs are borne by the borrower.

15.10 Eligibility for Refinance/Sub Loans

15.10.1 Eligible Purposes

Eligible purposes include activities such as commercialisation, modernisation, mechanisation and value addition in the agricultural sector at any stage of the agricultural value chain.

15.10.2 Eligible Projects

Eligible projects include the acquisition of agricultural machinery and post-harvest handling equipment, storage facilities, agricultural inputs that include pesticides and fertilizers, land opening, paddocking, biological assets that include banana suckers, fruit seedlings, chicks, piglets,

cows and goats for restocking the farm, agro processing facilities, and any other agricultural and agro-processing related activities.

Working capital required for operating expenses is considered, provided this component does not exceed 20% of the total project cost for each eligible borrower. These will include among others; wages for hired farm labour, overhead costs like utilities and installation costs, and hiring of specialized machinery for farming activities. The maximum loan amount to an eligible borrower for biological assets shall not exceed **UGX 80 million**.

The scheme does not finance working capital for purchase of land, forestry, refinancing existing loan facilities and trading in agricultural commodities except for Grain Trade.

15.11 Financing Grain trade

The scheme provides financing for working capital and infrastructure for projects engaged in grain trading. The terms are as follows:

The maximum financeable amount to a single borrower is **UGX 10 billion** and the GoU contribution is 50 per cent of the eligible amount for commercial banks, MDIs, CIs and UDBL. However, this amount can be varied on a case-by-case basis for eligible projects that add significant value to the agricultural sector and the entire economy as may be determined by the BOU upon justification by the PFI.

The maximum tenure of a loan for working capital for an eligible project under the grain facility is twenty-four (24) months from the date of disbursement to the borrower.

The maximum tenure of a loan for capital expenditure for an eligible project under the grain facility shall be eight (8) years from the date of disbursement to the borrower with a maximum grace period of three (3) years.

The applicable interest rate for loans advanced to finance working capital for grain trading under the scheme shall be a maximum of **15% per annum**.

The applicable interest rate for loans advanced to finance capital expenditure under the scheme shall be a maximum of **12% per annum**.